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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 004850

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TAGS: [PGOV](#) [TW](#)

SUBJECT: FROM COALITION TO PARTY: IN ELECTION AFTERMATH,  
KMT AND PFP MULL UNIFICATION

Classified By: AIT Director Douglas H. Paal, Reason(s):  
1.4 (B/D)

1. (C) Summary. As KMT chairman Ma Ying-jeou and PFP chairman James Soong meet to discuss party merger the evening of December 12, the death of the PFP seems inevitable, the only question is when. The People First Party (PFP) lost the December 3 local elections with a humiliating one percent of the vote and is increasingly viewed as a deteriorating, though highly obstructive, force in Taiwan politics. Merger could, for example, eliminate the single biggest obstacle to progress on LY approval of a budget for defense modernization. It would also be a feather in the cap of KMT chairman Ma, still basking in the glow of the KMT victory December 3. The biggest single obstacle to merger will likely be the fragile pride of James Soong, who has suggested he will demand KMT support to run for Taipei Mayor in return for agreeing to merge. Ma has no reason to accept that bargain, and he can afford to watch as the PFP deteriorates further. End Summary.

Slouching Fitfully Toward Merger  
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2. (C) The two Pan-Blue coalition parties, KMT and PFP, which split in 2000, have been debating unification for the past year and a half (Note: the third coalition partner, New Party, effectively merged with the KMT in early 2005. End Note). Opinion survey after opinion survey over the past two years have shown Pan-Blue supporters strongly support the three Pan-Blue parties merging into one. All earlier efforts to merge, however, foundered on the shoals of leadership pride and personal animosities. The PFP's December 3 electoral humiliation appears to have given one more impetus to overcome the fragile pride of the PFP and James Soong.

3. (C) In the run up to the December 2004 legislative elections, the brother-sister legislative team of Lee Ching-hua and Lee Ching-an publicly called for immediate merger of PFP and KMT, but Chairman Soong and his close advisors dismissed the idea, pledging to pursue merger after the elections. Lee Ching-an later told AIT that this was a delaying tactic by Soong and company in hopes of scoring upset victories in the legislative elections. By the time PFP victories failed to pan out on election day, she said, the bitterness that had accumulated during the campaign made any movement toward merger impossible. Soong's meeting with President Chen Shui-bian in February 2005 further soured PFP-KMT relations. The KMT, in turn, moved to undercut Soong's bid to make himself a key cross-Strait middleman with his early May visit to Mainland China, PFP legislator Christina Liu recently reminded AIT, by quickly arranging an earlier trip by then-KMT Chairman Lien Chan. This was a blow from which neither Soong nor his party, which placed last in the National Assembly election two days after Soong returned from Beijing, ever fully recovered. Soong's final gambit, former DPP legislator and just-announced Taipei Mayoral candidate Shen Fu-hsiong told AIT, was the December 3 local elections, in which Soong campaigned "desperately" for PFP candidates in Keelung and Hualien. PFP's empty-handed finish with an embarrassing vote total of 1.1 percent was the final blow, which started the internal PFP movement to rejoin the KMT. (Note: PFP's actual vote percentages in Keelung and Hualien were a respectable 26 and 25 percent, and PFP actually won the Lienchang County (Matsu) Magistrate race unopposed by any party candidates. End Note.)

4. (C) PFP legislator Vincent Chang (Hsien-yao), who met with KMT Chairman Ma Ying-jeou on December 8 along with four other PFP legislators, told AIT that he and his four PFP colleagues made good progress in sorting out the "extremely complex" process of merging. They and Ma, Chang said, focused on some of the less sensitive merger issues, such as party personnel and related issues. They parted agreeing that merger could take as long as two years. Further negotiations between the PFP group of five legislators and KMT Secretary-General Chan Chun-po, Chang noted, would continue over the ensuing three days in preparation for the announced Monday evening, December 12, meeting between Ma and Soong at KMT headquarters.

Soong's Ambitions

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15. (C) The fly in the merger ointment, however, is the apparent determination of PFP Chairman James Soong to run for Taipei Mayor in December 2006. Chang told AIT that Soong is "strongly leaning" towards declaring his candidacy. According to other PFP contacts, Soong has become convinced that the only course now open for the PFP to remain a vital force in Taiwan politics is for him to run in December 2006 to replace Ma Ying-jeou as Mayor of Taipei. PFP hardliners, they explain, support and encourage this decision as the only way to keep the party alive for the foreseeable future. Vincent Chang and KMT Policy Deputy Director Chang Jung-kung separately told AIT that Ma's endorsement of Soong is -- or will be, when the discussions reach that point -- a tacit (moqide) condition for merger. This, however, according to a whole range of KMT and other political operatives, is a non-starter, as it would position Soong to directly challenge Ma for the KMT presidential nomination. Ma and many KMT leaders, moreover, are deeply bitter toward Soong for his attack on the KMT's history of corruption on the eve of the December 3 elections.

16. (C) Chairman Ma, in fact, told the five-member PFP delegation, according to Vincent Chang, that James Soong would have to follow party election rules and go through the regular primary nomination process for Taipei Mayor. Ma subsequently responded to a media query by stating that James Soong as a KMT member would have to follow the KMT electoral rules and enter primaries. This, DPP Taipei mayoral hopeful Shen Fu-hsiung told AIT, will virtually assure Soong never becomes the KMT nominee, as his popularity has fallen significantly since his near-victory in the 2000 presidential race. Shen acknowledged that he personally very much wants Soong as his opponent next year, either running on the KMT ticket or, preferably, on the PFP ticket, thus splitting the Pan-Blue vote. KMT insiders close to the Ma Ying-jeou camp, tell AIT that Ma has not announced who he will support to succeed himself as Mayor, but note that it will probably be either former Taipei Vice Mayor Ou Chin-te, former Taipei environmental director Hau Long-bin, KMT legislator Wu Tun-yi, or maybe LY member John Chiang, and not, under any circumstances, James Soong.

Comment: PFP Fading Fast  
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17. (C) Over the past year, there has been a growing sense of frustration among PFP legislators who sense that the days of their party are numbered. This sense of inevitability grew after the June 2005 constitutional reforms that created a one-district-one-representative legislative system to replace the old multi-member legislative districts. While many PFP members have their own bitter memories of their break with the KMT in 2000, most have overcome that through intra-coalitional cooperation within the Pan-Blue over the intervening years. Ma's insistence that Soong must, like everyone else, go through the KMT primary nomination process will put a damper on Soong's willingness to return his party to the mother KMT, but growing restiveness among PFP legislators, two of whom (Lin Yu-fang and Lee Ching-an) have announced their imminent departure from the party, will raise the pressure on Soong. With the PFP's humiliating showing in the May 14 National Assembly election and the December 3 local elections, Soong and his PFP hardliners are not in a strong position either to lay down conditions for merger or resist internal PFP pressures for merger. If merger does go through, Chairman Ma's position will be further strengthened on the back of his election victory on December 3. If the PFP stalls, Soong gains nothing and Ma loses little.  
PAAL